



# Linn County Rural Electric Cooperative

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## Modified Avoided Cost Structure

The Public Utility Regulatory Policies Act of 1978 (PURPA) requires utilities to purchase excess energy and capacity produced by qualifying facilities (wind turbine, solar array, etc.) at a rate equal to the utility’s full avoided cost. Avoided cost is the incremental costs to the electric utility of electric energy or capacity, or both, which, but for the purchase from the QF or QFs, the utility would generate itself or purchase from another source. Linn County Rural Electric Cooperative receives its wholesale energy from Central Iowa Power Cooperative (CIPCO). Accordingly, our PURPA rate is provided by CIPCO.

There are several different accepted methodologies for determining a utility's avoided cost. CIPCO’s avoided cost as last calculated is a market-based calculation using forward energy and capacity pricing. CIPCO’s Price Schedule C establishes the avoided cost rate and includes a 1-year forecast. Schedule C sets the purchase price, based on the avoided cost, for qualifying facilities with design capacity of 100 kW or less, as utilities are required to have standard rates for facilities of that size. The calculation of the standard rate is to be completed no less than every two years. CIPCO updated its calculation for the period beginning June 1, 2021, and has recently updated its schedule for the period beginning June 1, 2023. Beginning June 1, 2023, CIPCO has determined that its avoided cost rate should be established based on actual market-based energy prices, given the market volatility and the unpredictability of forward energy and capacity prices. Using the actual energy prices will properly reflect the costs that CIPCO, and therefore the Cooperative, are avoiding by making purchases from a QF. As market prices change, so does CIPCO's PURPA rate. The rate the Cooperative pays or credits you for your excess energy each month will be equal to the calculated avoided cost rate for that month. This change will be effective starting on June 1, 2023.

## **One-Year Forecast Prices (QFs 100 kW or less):**

The forecasted energy prices are calculated using projected MISO ALTW.ALTW LMPs adjusted for distribution losses. MISO is the power pool operator that coordinates, controls, and monitors supply and demand on the electric grid in our region. The one-year forecast prices for the MISO Planning Years running from June 1 through May 31 are shown in the table below.

Month	2024-2025 MISO Projections
June	\$0.03531
July	\$0.05068
August	\$0.04687
September	\$0.03427
October	\$0.02954
November	\$0.03361
December	\$0.04816
January	\$0.06371
February	\$0.05904
March	\$0.03923
April	\$0.03446
May	\$0.03568

***These are only projections per PURPA requirements. Market prices can be unpredictable, they vary based on available generation capacity, demand, and weather.***